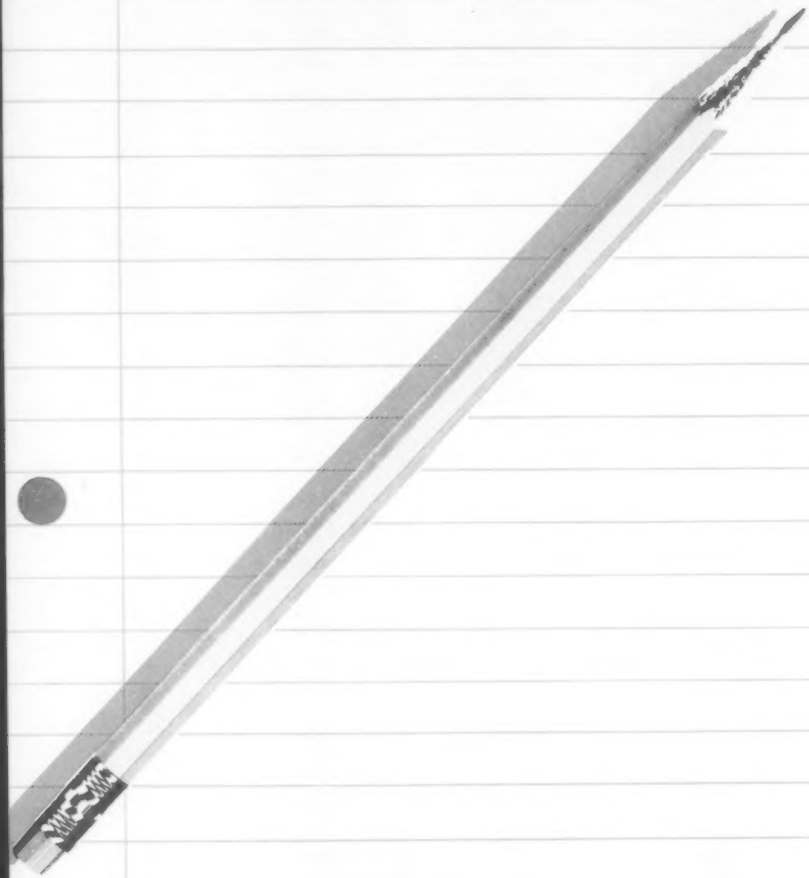
United States
Department of Agriculture

Foreign Agricultural Service

January 1984

Foreign Agriculture

International Trade Shows: A Part of Your Export Homework



Marketing News

New Plastic Wrap Will Triple Fruit Shelf Life

U.S. and Israeli scientists are perfecting a new packaging method that could triple the shelf life of fruit and keep it as firm and fresh as the day it was picked. The process uses a high-density polyethylene film wrap, developed in Israel, that is less than half the thickness of other common food wraps. Lemons sealed in the wrap will keep for nine months while unwrapped ones will decay in only three months. Sealed grapefruit will last for six months while its normal shelf life is two months. The wrap allows fruit to breathe by ridding itself of some gases and taking in others that help the fruit stay fresh.

The Israelis have found that the wrap does an excellent job in preserving the fruit they raise. U.S. businesses in Florida and Arizona are testing the wrap in citrus shipments to Japan. Also, Israeli and U.S. scientists are working together on additional research to control decay in wrapped fruit."

Funding for the project comes from the Binational Agricultural Research and Development Fund, created by Israel and the United States to promote scientific cooperation.

American Food Exhibit Succeeds in Japan

Despite heavy typhoon rains during the two days of the American Food Exhibit in Kobe, Japan, last fall, more than 844 buyers braved the weather to meet with 39 exhibitors representing 103 U.S. companies. Japanese buyers included representatives of department stores, supermarkets, hotels, restaurants, wholesale companies, food processors and manufacturers.

U.S. exhibitors estimated that $35.6 million in sales would be generated in the next 12 months as a result of the show. Floor sales were more than $61,000. They also reported that more than 100 new-to-market products were introduced, 149 new business relationships formed and 60 wholesalers/distributors were appointed.

Sales figures indicate that the most popular U.S. food products at the exhibit were soy milk, soy ice cream, processed turkey products, macadamia nut chocolates, canned fruits and vegetables, papayas, beef and beef products, wine, frozen vegetables, milk alternatives and beer.

New York Food Show Brings High Repeat Business

About 70 percent of the food and beverage product exhibitors at the 1982 U.S. International Food Show at the New York Coliseum have reserved space for the second show at the same location on April 15-18, according to Gerry Parker, show director. State and national pavilions will include New York, Pennsylvania, California, Quebec Province, Taiwan, Italy, Denmark, Brazil, Peru, the Dominican Republic, the Philippines and Uruguay. For more information about the April show and a post-exhibition report about the 1982 show, contact Parker at: U.S. International Food Show, Room 5080, 2 World Trade Center, New York, NY 10047; Tel. (212) 524-9365.

U.S. Meat Export Federation Appoints New European Director

Buddy G. Yeiser, former marketing director for the United Egg Producers and staff director for United Egg International, has been named as European Director of the U.S. Meat Export Federation. Yeiser will operate from the federation's London office. He will oversee market development for sales of U.S. red meat in Europe and the Middle East.

The Magazine for Business Firms Selling U.S. Farm Products Overseas

Published by
U.S. Department of Agriculture
Foreign Agricultural Service

Managing Editor
Robb Deigh

Design Director
Vincent Hughes

Writers
David Garten
Lynn A. Krawczyk
Edwin N. Moffett
Maureen Quinn
Aubrey C. Robinson
Geraldine Schumacher

Production Editor
Evelyn Littlejohn

Text of this magazine may be reprinted freely. Photographs may not be reprinted without permission. Contact the design director on (202) 447-6281 for instructions. Use of commercial and trade names does not imply approval or constitute endorsement by USDA or the Foreign Agricultural Service. The Secretary of Agriculture has determined that publication of this periodical is necessary in the transaction of public business required by law of this Department. Use of funds for printing *Foreign Agriculture* has been approved by the Director, Office of Management and Budget, through March 31, 1987. Yearly subscription rate $16.00 domestic, $20.00 foreign, single copies $2.75 domestic, $3.45 foreign. Order from Superintendent of Documents, Government Printing Office, Washington, DC 20402.

Features

How Trade Exhibits Fit Your Marketing Plan 4

Trade shows like West Germany's ANUGA offer established and new exporters a good chance to get into a market.

Exporting: A Pro Tells How To Do It Right 8

Trade shows are fine, a pro says, but they are only part of a step-by-step marketing approach to exporting.

Agricultural Exports Will Reflect Financial Situation 9

The non-oil trade-oriented developing nations of Asia have the best potential for export growth, judging from their financial shape.

Special Section: The Commodities, the Markets, The Challenges 11

U.S. agricultural exporters will continue to be pressured by stiff competition in 1984.

Helping Small Businesses Tap Export Markets 16

FAS' small and minority business program provides firms new to the export market with technical information and market assistance.

U.S. Holsteins in Hungary: Once Again, The Cream of the Crop 20

U.S. exporters and Hungarian dairy farmers reap the benefits of a very successful 10-year cooperator program.

Departments

Marketing News 2

Fact File: OECD: The World Board: Its Role in the Export of U.S. Farm Products 18

Country Briefs 22

How Trade Exhibits Can Fit Into Your Marketing Plan

Claudia Clark had a new product to market—Utah sour cherries dried like raisins. Would people like them?

Peter Boyle had developed a souffle base mix that was "infallible and unfallable," but was having a hard time get the proper exposure for his item.

Peter Rosenberg had cornered the Scandinavian market for his ice cream toppings, but was anxious to move into the European Community.

For these three exporters, an international trade exhibit turned out to be the vehicle they needed to complete their marketing plans.

Clark, Boyle and Rosenberg were among 125 U.S. companies that participated in ANUGA last fall. ANUGA is the world's largest food exhibit, which is held every two years in Cologne, West Germany.

ANUGA is a place to see and be seen, to check out the competition and get a chance to tell your marketing story.

"A trade show is like a laboratory; it's a place to bring out some of your finished experiments and see how well you have done your homework," said Richard Noah, president of 3E Marketing, as he looked around at the exhibitors at ANUGA '83.

"It's a place to make contacts," said Winsor Eveland, president of Winmix, Inc., who was promoting dry soft ice cream and milkshake mixes.

And contacts certainly were made. For example, in six days, more than 170,000 potential buyers from 112 countries attended ANUGA to see and sample foods shown by 81 countries from around the globe.

For many exhibitors, the value of a trade show depends on their objective. Some new-to-export firms are there to learn about international marketing, others want to introduce a new product and some established companies want to maintain a market presence.

By Lynn Krawczyk

Creating Demand for Products

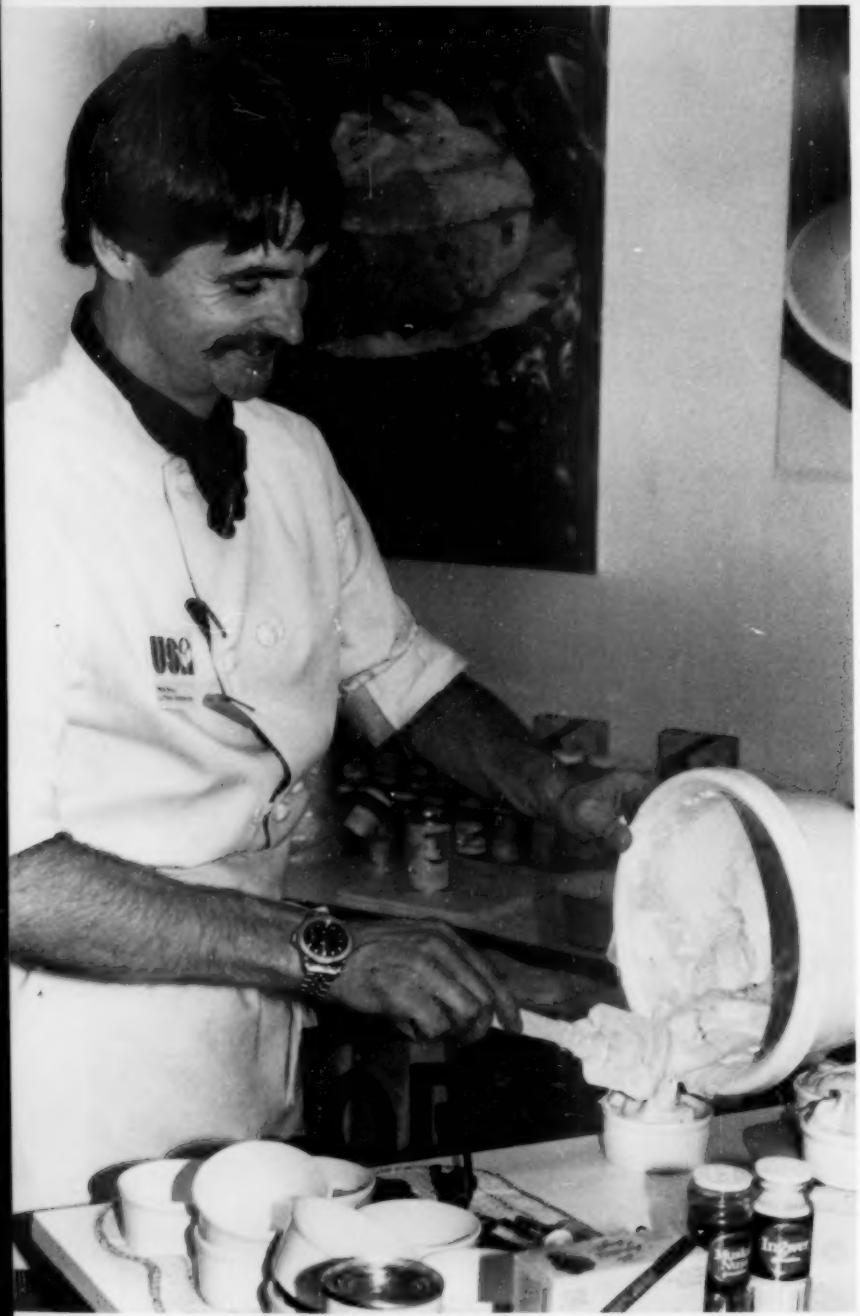
Ralph Velasco of the Amigos Food Company was at ANUGA trying to create a demand for his Mexican food products—tacos and tortillas and various

dips to go along with them. These products were new to the German market. So his company was tirelessly making nachos to hand out to potential customers.

"About 99 percent of our effort here is missionary work," said Velasco. "We're trying to create demand for our products. About 80 percent of the people who sample them like them. This is strictly a pioneering effort to see if our products will be accepted. It's looking good for us."

Bob Toberman with the New Mexico Department of Agriculture was also using ANUGA to introduce the cuisine of the American Southwest to European consumers. But he went beyond the trade show and was taking advantage of being in Europe by also exploring the possibilities for supermarket and menu promotions.

Toberman and two representatives of Los Chilleros de Nuevo Mexico Inc. organized



an informal menu promotion in a nearby hotel. They were invited to take over the kitchen and cooked enchiladas for customers. As a result, an interested patron was trying to develop a future promotion that would tie in Southwest U.S. foods and German beer.

Making Contacts

For exporters, an international trade exhibit is the way to make a lot of contacts in a short time for relatively little money. Some of the contacts are exporters from other countries who are also exhibiting food products.

"I've done my best business through dealing with other exhibitors," said Bob Wolf of Santa Fe Natural Tobacco. "I've been able to make contacts that would have been impossible for a new company like mine."

But an international trade show is not just for a new-to-market firm. Peter Rosenberg of Food Producers International has been participating in trade exhibits like ANUGA since 1971.

"This exhibit gives us more exposure," he said. "We have 95 percent of the market cornered for our hot chocolate, but we are here to expose our other items—ice cream toppings and juice bases. In Sweden we are well known for these items, but we want to start production in the European Community. As a result of the reactions and encouragement we have gotten here, we will most likely do this."

A Place To Learn

An international trade show is also a place to learn. Claudia Clark of the Utah Department of Agriculture said her state had not been previously involved in overseas market development.

"ANUGA has been a real learning experience for us as we try to promote sour cherry 'raisins,'" said Clark. "We had no idea about how to represent products properly, how to put up displays

and the homework that needed to be done on prices and shipping. We learned that you have to know your products inside and out. Also, you need to follow up on trade leads immediately."

ANUGA was also a place to learn for Winmix's Eveland. "We wanted to see what the competition was," he said. "We've learned that we are the only company that custom makes formulas for various countries' needs for dry ice cream mixes. We can adapt for any market and plan to concentrate on that angle."

"You can never do enough promotion," said Robert Turner of the Washington State Apple Commission. Turner was promoting Washington apples and pears. The foreign interest in U.S. apples surprised him. "The European apple crop is down 20 percent," said Turner. "This has opened up a possibility for Washington State apples this year, which is new. Participation in ANUGA has certainly paid off. When the buyers came looking, we were here."

Security for the Independent

Participation in international trade shows also gives you security, according to Peter Boyle who spent six days making and handing out tiny souffles. The L.J. Minor Company of Cleveland, Ohio, was representing Boyle's Infallible Souffle in overseas markets, primarily to the hotel, restaurant and institutional trade.

But it was Boyle, the inventor of the product, who was doing the baking and testing consumer and retailer reactions. "I've gotten a lot of media attention by being here. That's encouraging for an independent like myself," said Boyle.

Boyle's Infallible Souffle and four other U.S. items were among 20 new products in the show that were singled out by German food editors for the highest praise.

Is a Trade Show for You?

If you are interested in getting involved in overseas market development, one option you should consider is an international exhibit. Trade specialists with the U.S. Department of Agriculture's Foreign Agricultural Service or your state department of agriculture can provide information on upcoming exhibits.

The exhibit fee for the participating company covers the exhibit space, facilities and various trade relations services, including inviting members of the foreign trade to the exhibit.

The exhibitor is responsible for providing the product and full-time representation at the show. Participation is usually on a first come-first served basis. For more information, contact Export Programs Division, Foreign Agricultural Service, USDA, Washington, D.C. 20250. Tel. (202) 447-6343. ■

Upcoming Promotion Schedule: USDA/FAS-Sponsored Events

Location	Date	Activity
Costa Rica	March 1984	Bonanza Livestock Exhibit
	August 1984	Campo Ayala Livestock Exhibit
Finland	Aug. 5-12, 1984	XVII World Poultry Congress
France	June 18-22, 1984	SIAL
Guatemala	To be announced	National Horse Show
	To be announced	National Livestock Show
Honduras	To be announced	Central American Livestock Exhibit
Hong Kong	April 1984	FAS Solo Exhibit
Italy	March 1984	Verona Fair
	September 1984	Cremona Dairy Fair
Japan	March 12-19, 1984	Harumi
	May 1984	Agent Show (NAGOYA)
	June 1984	Red Meat Show
	Nov. 9-10, 1984	Wine Promotion (Osaka)
	Nov. 14-15, 1984	Wine Promotion (Tokyo)
Korea	June 11-17, 1984	Kor-Hotel Exhibit
	June 11-17, 1984	Red Meat Show
Mexico	September 1984	National Livestock Show
Netherlands	May 1984	Agent Show
	To be announced	Catfish Promotion
Nigeria	September 1984	FAS Solo Exhibit
Oman and Kuwait	January 1984	Sales Team
Pakistan	March 4-10, 1984	Lahore Horse & Cattle Show
Panama	March 1984	David International Livestock Exhibit
Peru	To be announced	Sales Team
Singapore	Nov. 10-13, 1984	Wine Asia Show
	April 24-27, 1984	Food Asia '84
Trinidad/Tobago	September 1984	FAS Solo Exhibit
United Arab Emirates	September 1984	FAS Solo Exhibit
United Kingdom	April 1984	Health Food Show
Venezuela	September 1984	FAS Solo Exhibit
West Germany	February 1984	Green Week
	Oct. 15-20, 1985	ANUGA

The author is a public affairs specialist with the Foreign Agricultural Service. Tel. (202) 382-9442.

Exporting—A Pro Tells How To Do It Right

By Lynn Krawczyk

Being successful in exporting is not an overnight accomplishment.

Despite that proven fact, many new exporters still expect instant results from their first trade show or sales mission.

But exporting requires a big commitment—in time, energy and imagination, said Richard Noah, president of 3E Marketing.

Noah heads up an Illinois firm that for the past three years has been working hard to export high-quality fruits juices, bakery supply products, meat and livestock. His was one of 125 companies participating in West Germany's ANUGA, the world's largest food exhibit. And after six days at ANUGA and two days in a mini food array in London, the work was paying off.

In a recent interview, he discussed his company's success and offered some tips to newcomers.

In the United Kingdom alone, said Noah, his company expects to do $35-40 million worth of business in the next 18 months. "We have done 500 percent better than we expected," said Noah. He named more than a dozen countries with which he expected to do business or from which he had solid trade leads.

Doing Your Homework

He added that this work involved much more than just attending trade fairs. "It's just one part of what we have been doing," he said.

"First of all, select that market you want to go into," he said. "Be specific. Then do your homework. . . research the market to death—the culture, likes and dislikes, how to market a product in a particular country and so on."

After that, Noah advises analyzing the economic situation of exporting to a particular market with these questions in mind:
—Is it profitable to even try to get into a market?
—Is the market for your product going to last long enough for you to take advantage of it?

—Which items from your line of products will you introduce in the market?

On-Site Marketing

"Your work does not stop there," Noah continued. "Next, conduct on-site marketing, talk with key people in the industry (retailers, wholesalers, and institutional representatives), and provide samples of your product to see if local tastes will accept it."

Noah then advised exporters to research the ingredients:
—Is the product acceptable as it is made? For example, in the European Community, no product made with bleached flour can be imported.
—What changes need to be made?
—What will these changes cost and how will they affect the product you want to offer?

At this point, says Noah, if you get a red light in any of the above areas you either go back to square one or give it up because it becomes cost prohibitive.

Sources of Export Information

Assuming you get a green light from your research, your next stop is to check out various sources of export information. Some of Noah's sources included

- government lists of preferred buyers;
- export statistics back at least three years to see how much of your product has been exported and where;
- at least a year's worth of Trade Opportunity Referral Service (TORS) lists, available from the Foreign Agricultural Service;
- foreign and U.S. chambers of commerce;
- export associations;
- international banks with overseas offices; and
- a good freight forwarder.

"Your next move," said Noah, "is an international trade show, such as ANUGA. This gives you the opportunity to expose your product, create interest in it, and generate quality leads. Screen your leads—who are they? what are their references? what is their market? Have information readily available on shipping your products," he said.

Your efforts should not stop with the end of the exhibit. Exporters should take advantage of the information gained in the show.

Follow-Up Is a Key Tool

"Send a thank you note to every person who gives you a business card at the exhibition. Do not give up on communicating with these leads," he emphasizes. "Sometime it has taken as many as five or six letters before we got a response, but it eventually paid off.

Noah also advises exporters to come to the exhibit area a week or two before and three to four weeks afterward to make initial contact and to follow up on leads made during the show.

Noah said that results from a trade show are not usually apparent immediately. "A lot of firms go home disappointed because they have not made a sale," said Noah. "They should not be. The full potential, despite all your work and contacts, will not be seen for at least another 18 months. Exporting is a long-term proposition. But if you do your homework, it pays off."

The author is a public affairs specialist with the Foreign Agricultural Service. Tel. (202) 382-9442.

Agricultural Exports Will Reflect Financial Situation

By Hal Goolsby

World economic growth for the next 3-5 years is expected to be only half the average recorded in the 1960s and 1970s. Nevertheless, the fact that the world economy will be growing about 3 percent in 1984—in contrast to the recession of the past few years—should stimulate U.S. agricultural exports.

Financial Situation Favors Exports to Asia

The non-oil, trade-oriented developing nations of Asia continue to have the best potential for growth, judging from their financial shape. About a fifth of U.S. agricultural exports already go to these nations. Taiwan and Korea are billion-dollar markets each year. Although the Philippines has incurred financial problems and had to devalue its currency, most of the other countries in this area are in fairly good financial shape.

But exports to OPEC nations will no longer grow so rapidly, and may even decline to several of these countries because of their declining oil revenues.

Economic expansion is also improving the outlook for sales to the industrial countries.

In turn, U.S. imports are also expected to expand due to an upturn in the U.S. economy.

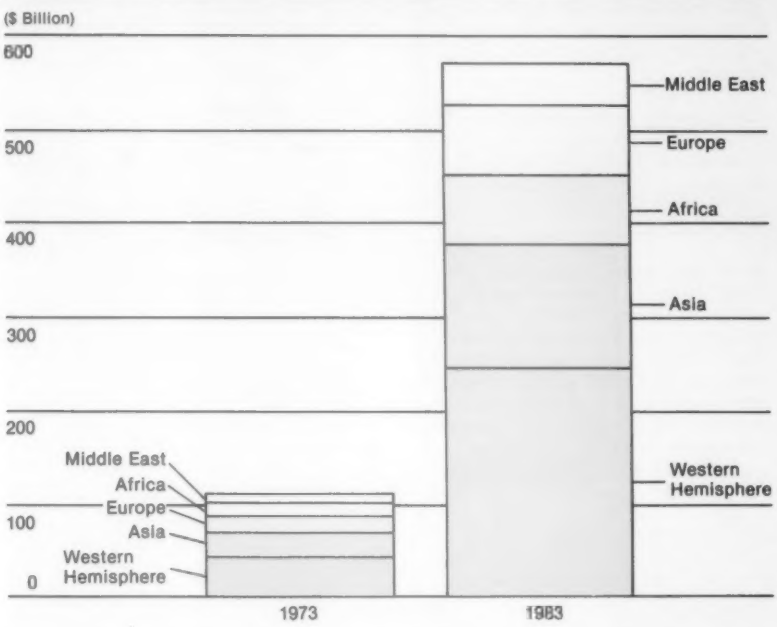
Growth in the United States and Canada is also expected to assist non-industrial nations by expanding their exports, about 60 percent of which go to industrial nations.

The U.S. economy is growing rather strongly with inflation advancing by only 3-4 percent. Gross national product grew by nearly 10 percent in the second quarter of 1983, and about 8 percent in the third. Somewhat the same is happening in Canada.

Debt Servicing Eating Up Many Countries' Export Earnings

However, a large proportion of the non-industrial nations are still heavily in debt—and much of their export earnings go to pay interest and reduce debts. To keep debt-servicing from dampening imports too much, creditor governments, private banks and the International Monetary Fund (IMF) are working with a number of countries to reschedule their debts.

Long-Term Debt of Non-Oil Developing Nations Jumps Over Past Decade



Almost as many developing nations have had to reschedule loans in the last two years as in the previous 25 years.

In return for having their debt-servicing burdens lightened and some new financing provided, debtor nations are required by their creditors to improve the efficiency of their economies. Normally this is done by an IMF stabilization program which often requires tighter fiscal and monetary policies, greater freedom with regard to price movements, a depreciation of currencies, and prudent use of the additional financial resources provided.

These efforts will not be successful, however, if economic growth in the developed nations falters, if real interest rates increase—adjusted relative to the price of developing nations' exports, or if developing nations' exports are dampened by protectionist measures imposed by industrial nations.

Economic Problems Figured in Recent Export Decline

Stubbornly high inflation throughout the world, and steadily rising interest rates, combined to weaken international financial confidence and discourage investments by the end of the 1970s.

These factors contributed to the recent declines in U.S. agricultural exports since 1981.

Structural flaws, such as the reduction of profit margins to a level inadequate to finance new technology in the United States and other countries, developed

almost unnoticed during several decades of rapid growth. Labor markets had grown increasingly rigid, so that real wages resisted the fall implied by productivity slowdowns and higher oil prices.

These factors, and a second surge of oil prices in 1979-80, prompted most governments to place greater emphasis on reducing oil imports, increasing investment incentives and tightening monetary policies.

At the same time, oil production in non-OPEC countries increased nearly 50 percent. As a result, OPEC's current account surplus dropped from $114.3 billion in 1980, to an estimated $25-30 billion deficit in 1983. Balance of payment problems have cut U.S. agricultural exports to countries such as Venezuela and Nigeria. Growth in agricultural exports to other OPEC countries has also dropped.

With tighter monetary policies, the amount of money in the industrial nations increased on the average by only 6 percent in 1981—down from 9.6 percent in 1979. This helped to reduce inflation in the industrial nations from 10.6 percent in 1980 to about 6 percent in 1983.

Meanwhile, interest rates increased to record highs in 1981 because of the tighter monetary policies, a lower savings rate, large government deficits and inflationary expectations.

High interest rates were a major reason the 1980-82 recession lasted so long. Corporate finances in the industrial countries came under considerable pressure. This lead to heavy destocking, and investment plans were delayed or canceled.

With high interest rates and large international debts to service, the external financial position of several large developing country markets for U.S. agricultural products deteriorated. This cut imports of countries such as Mexico, Brazil, Poland, Romania, and other East European nations.

World Economic Growth Improving

percent

	1982	1983[1]
Industrial Countries	−0.3	1.6
United States	−0.7	2.4
Canada	−4.8	1.9
Japan	3.0	2.8
Europe	0.2	0.6
Oil exporting nations	−4.8	0.0
Non-oil developing nations	1.4	2.3
Africa	3.0	3.4
Asia	3.9	4.6
Europe	2.0	0.9
Middle East	2.0	4.2
Western Hemp.	0.0	1.5

[1]projected.

The price of raw materials exported by many U.S. markets declined due to slow growth in the industrial nations in 1980 and 1981, and showed an actual 0.3-percent decline in 1982.

World trade dropped by 2 percent in 1982, after showing no growth in 1981, and only 1.5 percent in 1980. This was the worst showing for a three-year period since World War II.

Dollar's Strength Also Affects Sales

An appreciated dollar also hampered U.S. exports, but it did not hurt world trade, since U.S. imports expanded.

Since 1981, the dollar has appreciated by nearly 20 percent against currencies of the United States' major trading partners. This is because of high U.S. interest rates, the flight of dollars from troubled spots abroad, and the rapid depreciation of overvalued currencies, especially those of nations in financial trouble.

By increasing local currency prices, dollar-appreciation negated a potential increase in foreign demand from lower dollar prices for U.S. farm products over the last 2 years. It has also hurt the U.S. competitive position in world markets. ■

The author is with the Trade and Economic Information Division, FAS. Tel. (202) 382-9144

Outlook 84: The Commodities, The Markets, The Challenge

The Outlook

U.S. exporters can look forward to a somewhat better year in 1984.

After a disappointing decline during 1982 and 1983, U.S. agricultural export values may recover to perhaps $39 billion in fiscal 1984. That would be about equal to the level of 1982 which was the third highest in U.S. export history, and 12 percent above the $34.8 billion figure for 1983.

However, the rise probably will result from higher prices, not larger volume. Sales volume is expected to be down for the fourth year in a row. The anticipated decline of about 3 percent to 140 million tons will be largely the result of tighter supplies of oilseeds as well as the continued strength of the U.S. dollar, the negative effect of U.S. farm programs and the trade practices of some of our key competitors and markets.

For agricultural imports, increases in both volume and value could push the total up 4 percent to $17 billion in fiscal 1984. Many of the same factors that will limit exports—such as the strength of the dollar—will encourage imports.

The agricultural trade surplus is expected to rise to about $22 billion.

Major Markets

Western Europe's own increasing agricultural production and greater self-sufficiency in the food sector will continue to mean reduced demand for U.S. farm products—particularly grains.

The strong U.S. dollar—up 64 percent against the European Currency Unit since 1980, when U.S. exports to Western Europe peaked—will also restrain sales.

The outlook calls for a shift in feed ration imports from soybeans and meal to coarse grains and domestic wheat feeding—and a continued emphasis on non-grain feed such as corn gluten.

Japan is not expected to significantly alter its purchases of U.S farm products, despite anticipated export price hikes. In fact, the U.S. market share for coarse grains is expected to increase. The yen also has gained some strength against the dollar—and this could mitigate the impact of rising U.S. export prices.

Canada is expected to buy more U.S. farm products—particularly fruits, nuts and vegetables. Overall, U.S. sales are forecast to rise slightly and approach $2 billion. However, shipments of grains and oilseeds are likely to be down because of larger Canadian supplies.

The value of U.S. exports to *Latin America* is expected to be up slightly as higher prices offset some declines in quantities.

An increase is expected in the value of sales to Mexico because wheat shipments are expected to be at more usual levels. However, that country's austerity programs and the slowdown in economic activity are expected to restrict imports of most other commodities. Brazil's austerity program also is likely to mean little, if any, increase in U.S. wheat sales.

Agricultural exports to the Caribbean Basin are projected at $1.2 billion, comparable to the record high set in 1981 after 10 years of growth. Sales to the Andean Region are expected to decline somewhat from the $1.6 billion of fiscal 1983.

The *Soviet Union* is projected to buy $1.7 billion worth of U.S. farm products, up almost three-fourths from fiscal 1983. Primarily responsible is the higher guaranteed minimum for corn and wheat included in the new U.S.-USSR Grain Agreement.

Soviet purchases of U.S. grain for fiscal 1984 are expected to reach $1.5 billion, with a large increase in volume. In addition, 400,000 tons of soybeans have already been scheduled for shipment during fiscal 1984.

The decline in sales to *Eastern Europe*, which began in 1981, may have bottomed out. Sales are projected at $885 million, up slightly from 1983. Regional production of grains, sunflowerseed and non-grain feeds was down in 1983 and imports will be needed to maintain hog and poultry numbers. Much, however, will depend on credit availability as the area still has a severe hard currency shortage.

China's purchases probably will rebound to a level estimated at about $900 million from a low of only $546 million in 1983. However, the value of total purchases will still fall far short of the 1981 record of $2.2 billion.

Larger shipments of higher priced grains are expected to bring about the 1984 increase. The amount of grain purchased is expected to be up by about one-third from the 1983 low of 4.1 million tons.

Wheat should regain its dominant position during 1984. Corn accounted for 53 percent of China's grain imports in 1983, but will likely drop to around 18 percent in 1984 because of larger Chinese production and higher prices.

East and Southeast Asia may trim purchases somewhat in light of the continued strong U.S. dollar and ongoing fiscal austerity programs. However, higher prices could push the total value

The Commodities

Gaining—in terms of sales volume

Wheat and flour exports may climb slightly to 39 million tons (wheat equivalent). Foreign demand is forecast to rise, and larger U.S. exports are anticipated to the Soviet Union, China and North Africa despite much larger Australian supplies and big Canadian and Argentine export availabilities.

U.S. wheat exports also stand to benefit from a possible strengthening in demand for wheat for livestock feed, due to the narrowing wheat/corn price ratio. The reduced ratio also may encourage increased human consumption of wheat abroad. With slightly higher prices, the value of U.S. wheat and flour exports may rise to $6.4 billion from $6.2 billion in fiscal 1983.

Coarse grain exports in fiscal 1984 are forecast to rise about 2 million tons to nearly 56 million, due to reduced export availabilities in South Africa and the European Community (EC). U.S. corn shipments may advance half a million tons to under 48 million. With sharply higher prices, the value of coarse grain exports may climb about 30 percent to $8.6 billion.

Poor harvests in Eastern Europe and Mexico will keep their feed grain import needs large. Their total purchases will depend on credit availability and hard currency reserves.

U.S. feed grain exports during second-half 1984 will depend heavily on coarse grain production in the Southern Hemisphere. Current high prices are expected to encourage larger plantings there.

Horticultural sales may rise to 3.1 million tons worth $2.8 billion. Much of the gain will result from increased prices for tree nuts.

Export growth should be the strongest in markets where some economic improvement is likely. Particularly promising markets are Japan, Singapore, Malaysia and Canada.

Sales to Europe, which have been declining during the past two years, may even expand somewhat, thanks to the higher prices of tree nuts and canned fruit and the short European apple crop.

Dairy, livestock and poultry exports are expected to recover to more than $4 billion.

The value and volume of beef and variety meat exports should rise. A recovery is also expected for lard exports, which were small last year. For dairy products, the biggest increase will be for nonfat dry milk moved under the Section 416 donation program.

Holding steady

Rice shipments are forecast at 2.2 million tons, about the same as in fiscal 1983. Large prospective exports from Thailand and Pakistan and little change in import demand from major markets will restrain U.S. exports. However, stronger U.S. prices will lift the export value to about $900 million.

Cotton exports are expected to remain about the same in fiscal 1984 at 1.2 million metric tons. The prospect of limited export gains reflects:

—increased foreign production, particularly in China;

—increased cotton yarn exports to major U.S. cotton markets by such large producers as China, Turkey and Pakistan;

—stagnant import demand in several major markets, including Japan and South Korea;

—and a significant increase in U.S. domestic use of cotton, despite the smallest prospective crop in more than 20 years.

However, stronger prices for the 1983 crop will probably push the value of exports to $1.8 billion, up from $1.7 billion in fiscal 1983.

Losing—by sales volume

Soybean shipments, especially to the EC, are expected to fall sharply to about 19.6 million tons, due to short supplies and higher prices. Soybean meal shipments, limited by sharply higher prices, are forecast to decline more than 1 million tons to 5.2 million. Soybean oil exports also are likely to be down sharply.

However, because of much higher prices, the value of U.S. oilseed and product exports may rise 13 percent to $10 billion.

Tobacco exports may be down slightly from 1983 levels to 240,000 tons and about $1.4 billion. Record large world stocks, a strong dollar, high prices compared with other exporting countries and increased competition from countries such as Brazil and Zimbabwe will continue to complicate life for U.S. exporters.

Pork and tallow and grease exports may slip some in terms of volume. Competition for Japan's pork market will be very stiff. Denmark will be back in the market in force now that Japan has lifted its restrictions against Danish pork. The Danes doubtless will be striving hard to recapture the No. 1 position they held in that market before the outbreak of foot and mouth disease in 1982. In addition, increases also are likely in Japan's own pork production.

Tallow and grease exports, though they may decline in volume, probably will increase in value as prices move up along with those for vegetable oil.

of sales up 10 percent to about $5.0 billion. Feed grains, soybeans, wheat and cotton comprise nearly three-fourths of U.S. farm exports to the region.

South Asia is projected to purchase $757 million worth of U.S. farm products, which is a third below last year's level. The downturn is primarily due to a drop in wheat sales to India and Bangladesh. There has also been a sharp reduction in the volume of soybean oil sales to the region. An excellent 1983 monsoon is expected to lead to record or near-record production of food grains and oilseeds across the region in 1983/84.

The Middle East may offer opportunities for larger sales of corn and barley, due to changes in EC exports of feed grains to the region. However, competition is likely to remain strong for sales of processed foods, particularly in the large Saudi market. In all, U.S. agricultural exports to the Middle East are projected to rise to $1.7 billion.

North Africa is projected to purchase approximately $1.7 billion worth of U.S. agricultural products, representing a gain of about 11 percent from 1983. Higher prices will account for most of the increase. Concessional financing will be very important for this region.

Sub-Saharan Africa will once again become a billion-dollar buyer, with projected purchases of $1.1 billion. That would be some 30 percent above the fiscal 1983 level and about the same as in fiscal 1982.

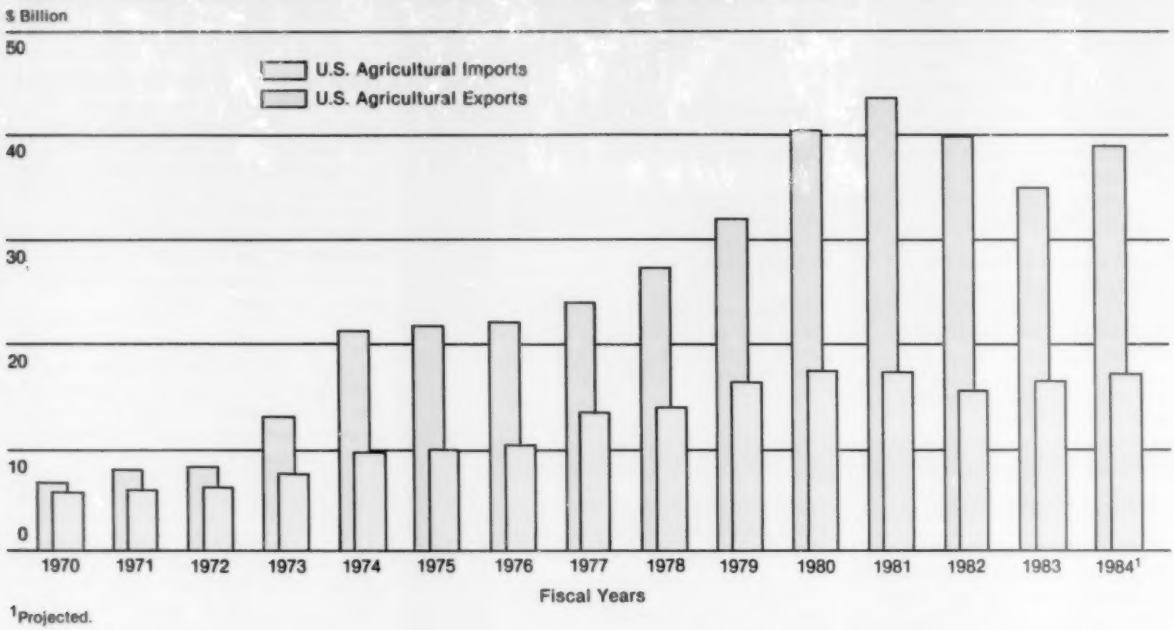
Exports to drought-devastated South Africa will be sharply above any previous level, to about $335 million and about three times above fiscal 1983. Sales of U.S. grains and preparations will be up about 35 percent and will account for about 80 percent of total exports to the region.

Factors To Watch

The Strength of the Dollar

The continued strength of the dollar is making U.S. products relatively more expensive in terms of foreign currencies.

Exports of U.S. Farm Products Outpace Imports, Producing Growing Trade Surplus



[1]Projected.

As a result, many traditional customers will not only be buying less because of economic conditions, but their reduced purchases are apt to include more competitor products.

High interest rates are one of driving forces in the strength of the dollar. And those rates depend in large part on the size of the U.S. budget deficit. As long as the Federal government is borrowing heavily in U.S. money markets to finance a large deficit, interest rates will reflect the competition between government and private investors for available funds.

Domestic Farm Policy Concerns

Current farm policy, embodied in the Agriculture and Food Act of 1981, mandates increases in support levels that are pushing U.S. prices well above market-clearing levels for some commodities. As a consequence, the United States has been pricing itself out of the international marketplace for several years.

The high U.S. support levels also provide an incentive for competing countries to produce more. When U.S. price supports are above world market levels, competitors can establish prices just below those in the United States and capture markets. The appreciation of the dollar has enhanced this advantage.

EC Subsidies

USDA analysts calculate that the Community's Common Agricultural Policy (CAP)—with its levy system and export restitutions or subsidies—costs the United States some $6 billion a year in lost trade.

A U.S.-EC working group has been established to clarify and strengthening rules regarding subsidies under the General Agreement on Tariffs and Trade. Meanwhile, the United States is trying to meet the EC competition with aggressive credit programs and the selective use of subsidies. The U.S. blended credit program in fiscal 1984 will be targeted at meeting competition from subsidized EC products, particularly in the Mideast.

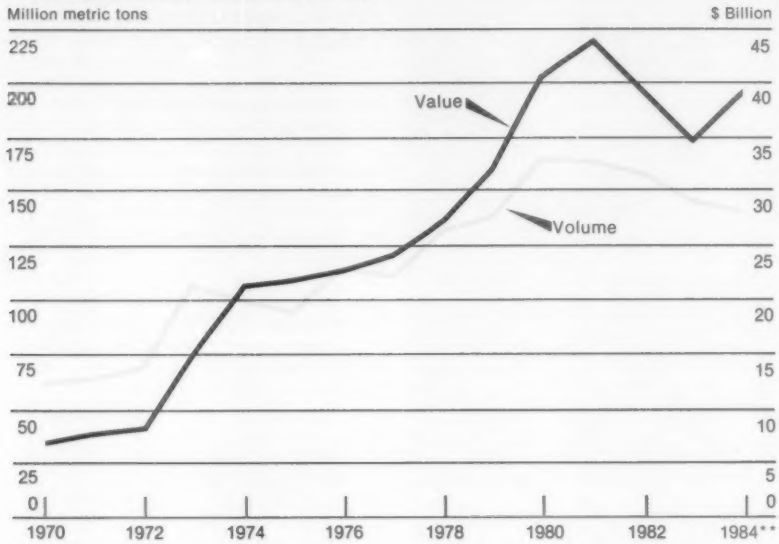
CAP Reform Issues

The EC's expenditures on export subsidies have increased nearly six-fold since 1975 and likely topped $6 billion in 1983. These expenditures are now high enough to cause the Community serious budgetary problems—and debate is underway on a reform of the Common Agricultural Policy (CAP). As part of this debate, the EC Commission has proposed to tax the consumption of all fats and oils other than butter.

The architects of this plan maintain it is purely a way to help meet the budget

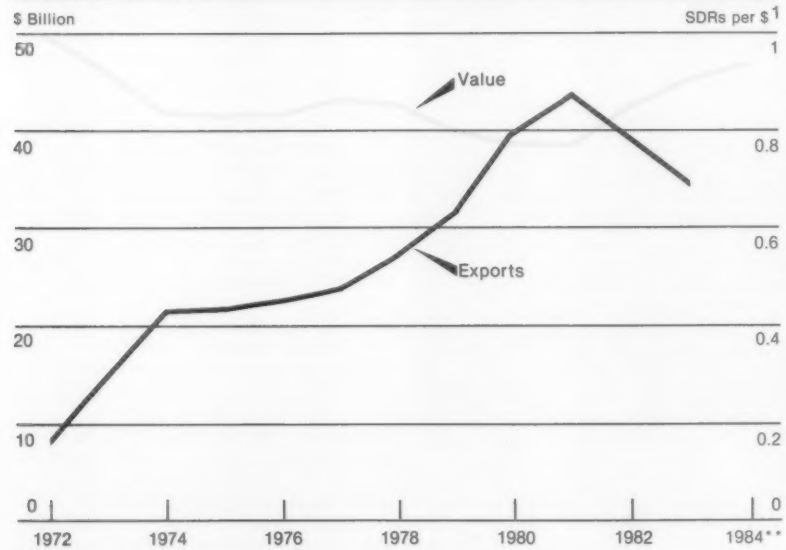
Agricultural Exports

Export Values Likely To Turn Up in 1984



**Projected

Agricultural Exports Reflect Changes in the Dollar's Value



[1]Special Drawing Rights
**Projected

problems brought on by CAP costs. However, in the U.S. view, the proposed fats and oils tax could be the first move in a concerted attack to reduce imports of U.S. oilseeds and products. These are currently worth some $4 billion annually.

The EC also is proposing to eliminate the duty-free binding on U.S. corn gluten feed and citrus pellets. That business is currently worth about $700 million annually to U.S. exporters.

Access Problems With Japan

Japan is the United States' biggest agricultural export market—but the bulk of its purchases are raw agricultural commodities. Because of strict quotas and high duties on imports of some high-value agricultural products and restrictive internal distribution methods, it is extremely difficult for U.S. exporters to realize their full potential in the Japanese market.

Frequent meetings have been held with the Japanese regarding these import restrictions, in particular those for beef, citrus and wood products. There has been a little progress in some areas, but none on beef and citrus, and too little on wood products.

The United States is continuing to press the Japanese for removal of the quotas and for the elimination of tariff and non-tariff restrictions.

Japan enjoys great freedom of access to the U.S. market. This freedom includes no restrictions on distribution, marketing and investment activities within the United States. The U.S. position is that Japan should grant the United States similar freedom of access to its market. ■

This article is adapted from materials presented at the National Agricultural Outlook Conference last fall in Washington. For further information, contact Dewain Rahe, Director, Trade and Economics Division, FAS. Tel. (202) 382-1294.

Helping Small Businesses Tap Export Markets

By Dugger Harris

How can a small firm tap into potentially lucrative foreign markets for its food products?

It's not easy, especially when other U.S. and foreign companies are competing for the same sales.

But reliable market information, good market access and the right trade contacts can go a long way in helping to get an export marketing campaign off the ground.

Small businesses are the norm rather than the exception in the United States. According to the U.S. Small Business Administration (SBA), approximately 99 percent of all U.S. companies are small—employing 500 or fewer people. And, on the basis of the 1977 Census, minority firms represent about 5 percent of all U.S. businesses.

To help small and minority firms which are new to the exporting business, the Foreign Agricultural Service (FAS) provides technical information and market development assistance. It also works closely with the SBA through a special cooperative agreement signed in 1982. The agreement formalized the U.S. Department of Agriculture's commitment to include small and minority companies in its export market development program.

The agreement establishes programs to assist small and minority U.S. agricultural export firms, including brokers, producers, dealers, distributors and jobbers.

Export Promotion Program

Market development activities include trade shows, sales teams, in-store promotions, an export incentive program to promote brand names overseas and a trade opportunity referral service which links foreign buyers with U.S. suppliers by computer.

Trade shows can be of special help to minority exporters. FAS sponsors shows, recruits exhibitors and manages and conducts overseas exhibits at

international trade fairs. Smaller regional exhibits overseas and special activities at 11 agricultural trade offices in key markets around the world are also productive for minority firms trying to contact foreign buyers.

In the short time that this program has been in operation, small and minority firms have participated in export trade shows in London, Atlanta and Cologne, Germany.

In May 1982, the U.S. agricultural trade office in London set up a special U.S. food exhibition to help 15 small and minority firms introduce and promote their foods in the United Kingdom. Over 200 potential buyers attended the London show and as a result of contacts made there, participants reported $2 million in sales.

Products offered at the exhibition included fruit cakes, peanut brittle, nuts, egg products, canned and fresh fruits, fresh vegetables, meat, fish and poultry products, seeds, retortable pouched entrees, frozen fruits and vegetables, dried fruits and beans, popcorn, vegetable oils, condiments, and wines.

Last May, under this program, eight small and minority businesses took their wares to the biggest international food show ever held in the United States—the National Food and Agriculture Exposition in Atlanta, Ga.

The show, sponsored jointly by FAS and the National Association of State Departments of Agriculture, attracted nearly 1,000 foreign trade representatives from 68 countries.

Small and minority firms which participated under the FAS-SBA program came to Atlanta from all over the country and displayed foods that included sweet potato pie, gateau noir, catfish steaks, ground beef, tomato catsup, fresh fruits and vegetables, ice cream, dried beans and peas and sunflower seeds.

A minority firm from Washington, D.C., also took its food products to the ANUGA international trade show, where it had a chance to develop sales to buyers from over 112 countries. ■

The author is Coordinator for Minority and Small Business Programs, Export Promotion Division, FAS. Tel. (202) 475-3417.

Trade Show Exposure Pays Off for Small Minority Exporters

Agri-Tech International, Ltd. (ATI) exhibited its line of processed foods, fresh produce and nuts at the FAS trade show in London. As a result of contacts made there, the company shipped its first containerload of fresh sweet potatoes to the United Kingdom early in 1983.

Felix Lloyd, president of ATI, said that FAS assistance in identifying market potential and developing an overall marketing strategy made the sale possible.

In addition, the agricultural trade officer in London helped by providing the United Kingdom importer with promotional support for the sweet potatoes.

Lloyd said that information from the initial promotion will be used as a guide for future exports of U.S. sweet potatoes and other food products to the United Kingdom and also to evaluate potential for these products in other countries.

ATI's success and effectiveness have qualified the company for the FAS Export Incentive Program which provides technical assistance and export financing guarantees through the Export-Import Bank.

ATI is currently developing a major export program for countries in the Mid-East.

Beef Jerky Goes International

Apache Meat Processing Company, Inc., of Apache, Oklahoma, also took its products to London. While there, Robert Rowell, company owner, sealed a deal to have Apache's specialty—beef jerky—sold in the exclusive Harrod's department store of London and distributed throughout the United Kingdom.

Rowell, who began his business in 1977, says it's the sauce that makes his jerky so good-tasting, even "habit-forming." The sauce is made from an old family recipe which Rowell is patenting.

The market success of Apache's beef jerky is the impetus behind plans to expand production and marketing. Rowell has entered a joint venture with a Dallas firm to form the Original Indian Recipe Smoked Meat Company.

Thanks to his business acumen and success he received a National Minority Business Person of the Year Award from President Reagan last October. Apache Meat Processing Company was one of five companies honored at a White House ceremony as outstanding small businesses.

Trade Contacts Generate New Business

Another minority food exporting company which has received FAS-SBA support is Low Country International, Inc. (LCI). The firm has participated in both the NASDA trade show in Atlanta and in the ANUGA show in Germany.

As a result of contacts made at these trade exhibits, LCI began negotiating sales contracts with several foreign importers.

After the ANUGA show, LCI president Jerry B. Ravenell said that as a result of export marketing support from the Foreign Agricultural Service LCI was looking forward to closing a number of important sales agreements.

"I anticipate a long and profitable business relationship with foreign buyers from several overseas markets," Ravenell said. "Without FAS assistance in identifying foreign market opportunities, this would have been impossible.

Fact File

The World Agricultural Outlook Board: Its Role in the Export Process

The World Agricultural Outlook Board is the focal point within USDA for assessing the production, consumption and trade outlook for both domestic and international agriculture.

Created in 1977, the World Board concentrates its analysis efforts on the economic outlook for major grains, oilseeds, cotton and fibers, livestock and poultry. Staff members work with many other government agencies to ensure the accuracy and objectivity of USDA's analyses. The board directs the compilation and review of critical economic data needed by policymakers and the public, especially U.S. farmers and agribusiness.

The expansion of U.S. farm exports over the past decade or so required USDA to give greater emphasis on foreign supply and demand conditions when analyzing production and use prospects. The board consolidates all of the department's market intelligence efforts—both domestic and foreign.

Broad Interagency Participation

The World Board relies on many resources for i[illegible]ation. Foreign supply and demand data come from the Foreign Agricultural Service (FAS), whic[illegible]rovides attache reports and analyses of foreign commodities. For detailed information on domestic agriculture as well as foreign regional assessments, the board's eight interagency committees for commodity estimates turn to the Economic Research Service (ERS).

The interagency committees also include representatives of the Agricultural Stablization and Conservation Service (ASCS) and the Agricultural Marketing Service (AMS). Weather assessments and remote sensing information also are used in the forecasting process.

Compiling official USDA estimates of global crops is done under strict security conditions to prevent premature access to the market-sensitive forecasts. On the day key reports are to be issued, the interagency working groups enter a secured area early in the morning to prepare the report. There is no communication beyond the locked doors until the report is released in Washington at 3 p.m., after all the commodity markets in the United States are closed. This procedure ensures that all users of the reports have adequate time to digest the price-sensitive information.

Dealing With the Weather

In the development of agricultural forecasts, weather is always a significant short-term variable affecting production and prices. The World Board operates a Joint Agricultural Weather Facility, in conjunction with the National Weather Service and the National Oceanic and Atmospheric Administration of the Department of Commerce. Located in USDA's South Building, its mission is to collect and analyze meteorological and climatological data. The facility compiles data from nearly 8,000 global weather stations, from weather satellites and other sources to assess the impact of weather on food supplies around the world. A major feature is an early warning system that focuses on daily weather changes likely to affect crops and livestock production.

For example, during last year's drought in the United States, National Weather Service meteorologists monitored daily weather conditions in affected U.S. crop areas, and agricultural meteorologists translated this information into potential production changes for use by commodity analysts throughout USDA. Daily reports went to the Secretary of Agriculture and his staff and appropriate congressional committees. The board also answered public inquiries concerning the drought.

Informing Exporters

Three major USDA reports updating world commodity supply and demand and the weather are published on a regular basis under the auspices of the World Board. They are:
The *World Crop Production* and the *World Agricultural Supply and Demand Estimates,* both published monthly; and *The Weekly Weather and Crop Bulletin,* produced by the joint agricultural weather facility.

Each year, the board also reviews and approves about 150 USDA publications that can give exporters up-to-date information on U.S. and world agricultural production and trade.

In late autumn each year, the World Board directs USDA's agricultural outlook conference. This annual meeting brings together experts in government, academia, and the business world to discuss prospects for U.S. and world agricultural production and trade. Sessions at the outlook conference cover a host of topics of interest to exporters including international monetary policy, agricultural trade propsects, and the specific trade outlook for major farm commodities.

Intergovernmental Liaison

The information-gathering arm of the World Board reaches far beyond USDA. The board shares economic data and trade outlook with many other federal agencies, particularly with the Commodity Futures Trading Commission, the departments of State, Treasury and Commerce, the Office of Management and Budget, and the White House Council of Economic Advisors.

The board also works with many foreign governments through their embassies in Washington and with international organizations like the United Nations' Food and Agriculture Organization.

U.S. Holsteins in Hungary: Once Again, The Cream of the Crop

By James E. Yanizyn

For the dairy industry in Hungary, 1984 marks not only the beginning of a promising new year, but also the end of a successful 10-year program undertaken by that country and the Holstein Association of America.

The 98-year-old Holstein Association of America, a Foreign Agricultural Service Market Development Cooperator since 1969, coordinated the program for Hungary's Ministry of Agriculture and Food

Under the program, Hungary imported U.S. breeding stock and practiced U.S.-recommended technology on state farms to boost its dairy industry.

Through crossbreeding U.S. Holsteins with native cattle, Hungary has:
- increased milk production by an average of 83 percent per cow.
- boosted annual per capita consumption of milk and milk products from 240 pounds to 400 pounds.
- reduced the size of the national herd by 23 percent, thus reducing costs for feed, labor and facilities.
- become self-sufficient in its domestic needs for dairy products.

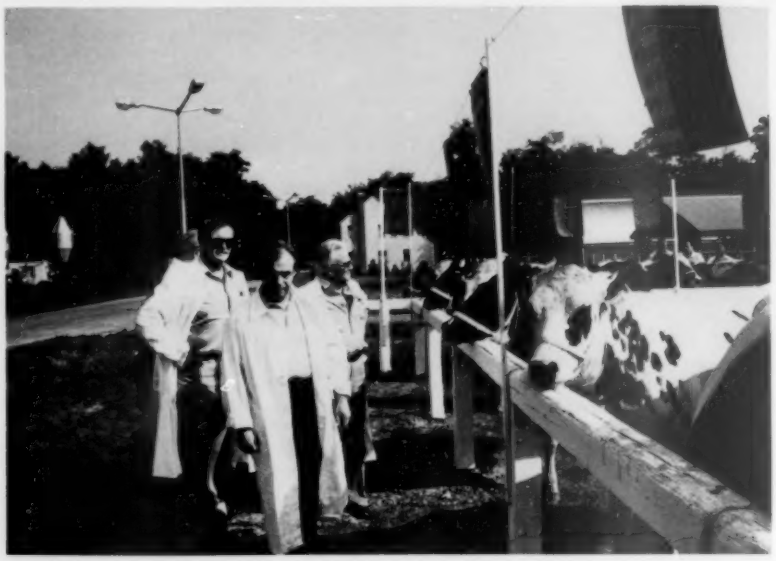
Benefit to U.S. Exporters

For U.S. exporters, the program has meant regular shipments of Holstein heifers and bulls to Hungary. To date, more than 18,000 heifers and 150 young sires have been shipped.

Hungary also has become an important market for U.S. dairy genetics. Since the program started, U.S. exporters shipped more than a million units of frozen semen and embryos into Hungary. It has also stimulated U.S. sales of those products into neighboring countries. About 70 percent of all dairy cattle on state, cooperative and private farms in Hungary contain Holstein genes. This is up from zero in 1970 and only about 28 percent as late as 1980.

Program Cited as Model for Superior Dairy Genetics

Secretary Block has called the Hungary program "a model which has demonstrated in practice what can be accomplished by introducing superior genetics and modern, large herd management under a designated program with specific goals."



Jeno Vansco, Hungarian minister of Agriculture, told members of the Holstein Association, "You are part of our history."

Conference Meets To Discuss Results

Recently, some 600 agricultural experts and other visitors from 14 countries came to Budapest to participate in the International Holstein Conference. Besides the United States and Hungary, other countries represented included: France, Sweden, Poland, Italy, the United Kingdom, the Soviet Union, West Germany, Czechoslovakia, China, Bulgaria, Austria and Egypt.

The conference provided an important forum for the exchange of ideas on dairy production methods. American and Hungarian dairy experts discussed the latest technological developments and how to use them.

Dr. Ray Kliewer, the association's research and development director, presented an evaluation of the impact of technology transfer on the Hungarian dairy industry. Kliewer coordinated the 10-year program.

Participants also visited farms in surrounding communities to see firsthand the results of the joint cooperative program that they had discussed.

Besides the Holstein Association, the Foreign Agricultural Service, and the Hungarian agriculture ministry, other sponsors of the international conference were that country's National Center of State Farms and the Institute for Animal Breeding and Feed Control.

The Holstein Association's work to sell top-quality cattle overseas has resulted in improved production and a benefit to the agricultural economies of more than 50 countries. In 1982, the United States exported more than 13,000 Holsteins worldwide, valued at more than $20 million. Major markets include Mexico, Japan, South Korea, Saudi Arabia, Canada and Columbia, in addition to Hungary. ■

The author is manager, public relations, the Holstein Association, Brattleboro, Vt. Tel. (802) 254-4551

Market Information For Agricultural Exporters

As an agricultural exporter, you need timely, reliable information on changing consumer preferences, needs of foreign buyers, and the supply and demand situation in countries around the world.

The Foreign Agricultural Service can provide that information in its commodity reports.

World agricultural information and updates on special FAS export services for the food and agricultural trade all are available in these periodic circulars.

For your sample copy of these reports—which can supply you with the information you need to make sound business decisions—check the box indicated, fill out the address form and mail it today.

To subscribe: Indicate which publications you want. Send a check for the total amount payable to the Foreign Agricultural Service. Only checks on U.S. banks, cashier's checks, or international money orders will be accepted. NO REFUNDS CAN BE MADE.

Mail this form to: Foreign Agricultural Service
Information Division
Room 5918-S
U.S. Department of Agriculture
Washington, D.C. 20250

No. of Subscriptions			Subscription Rate Domestic	Foreign
_____	10003	Coffee (3 issues)	$ 5.00	$10.00
_____	10004	Cotton (12 issues)	20.00	30.00
		Dairy, Livestock & Poultry:		
_____	10005	Export Trade & Prospects (8 issues)	14.00	22.00
_____	10006	Meat & Dairy Monthly Imports (12 issues)	20.00	25.00
_____	10007	Dairy Situation (2 issues)	3.00	4.00
_____	10008	Livestock & Poultry Situation (2 issues)	4.00	7.00
_____	10009	All 24 Reports Listed Above	41.00	58.00
		Grains:		
_____	10010	World Grain Situation & Outlook (18 issues)	31.00	45.00
_____	10011	Export Markets for U.S. Grain (12 issues)	20.00	30.00
_____	10013	USSR Grain Situation & Outlook (12 issues)	15.00	20.00
_____	10014	All 42 Reports Listed Above	66.00	95.00
_____	10015	Horticultural Products (12 issues)	20.00	30.00
_____	10016	Oilseeds & Products (14 issues)	30.00	45.00
_____	10017	Seeds (4 issues)	9.00	15.00
_____	10018	Sugar, Molasses & Honey (4 issues)	7.00	11.00
_____	10019	Tea, Spices & Essential Oils (3 issues)	5.00	7.00
_____	10020	Tobacco (12 issues)	25.00	40.00
_____	10021	World Crop Production (12 issues)	18.00	25.00
_____	10022	Cocoa (2 issues)	3.00	4.00
_____		**Total Reports Ordered**	**Total Subscription Price** _____	

☐ **Please send me a sample copy.**

Enclosed is My Check for $_____ Made Payable to Foreign Agricultural Service.

Name (Last, first, middle initial

Organization or Firm

Street or P.O. Box Number

City State Zip Code

Country

Country Briefs

Australia

Wheat Trade With Iraq On the Increase

The Australians have sold Iraq 1.25 million tons of wheat for delivery in CY 1984, compared to 650,000 in CY 1983. Two-year commercial credit was also offered, marking the first use of Australian credit to that market. The Australian Grain Agreement with Iraq specifies 500,000-750,000 tons of annual wheat trade. *—Donald J. Novotny, FAS. Tel. (202) 447-6219*

Markets First Oranges in Japan

Australia has finally managed to break into the Japanese citrus market with a shipment of 504 cartons of Queensland Valencias. Australian citrus growers have long looked at the Japanese market, but strict regulations controlling fruit flies had prohibited exports. However, the Australians have begun a special fumigation program and devised packaging procedures to meet the requirements of the Japanese importers. Traders there hope the Valenica sale will open the door for Australian tangerines and lemons.

Virtually all of Japan's orange imports are supplied by the United States, with Japan ranking as the No. 3 export outlet for U.S. oranges. *—Dale B. Douglas, Agricultural Counselor, Canberra.*

China

Record Cotton Crops Make China World's Largest Producer

Through a blend of government policies, attractive incentives to farmers, and applications of scientific farming techniques, China has moved solidly into the position of world's largest producer of cotton. China announced a record large output of 3.598 million metric tons (16.5 million bales) in 1982, and the 1983 crop is expected to exceed that.

Although China has been a large importer of cotton in past years, current domestic output nearly satisfies the needs of its textile industry. China purchased cotton from Pakistan last year—largely to meet blending requirements—and this year may export a small quantity of low quality cotton. *—Norman Kallemeyn, Agricultural Counselor, Beijing.*

National Diet Shows Move to Animal Proteins

The Chinese government recently released the first official figures ever on its citizens daily food intake. The figures put daily per capita consumption totals, in terms of kilograms, at: grains, 0.623; pork, 0.032; edible plant oils, 0.01; and sugar, 0.012.

As a rule, Chinese farmers generally fare better than city dwellers in the supply of fresh produce, although rural incomes are by and large determined by the size of harvest and farmers' cash incomes are much less than those of city folks.

The bumper harvests of recent years have supplied a fair abundance of grains, sugar, and oils for the Chinese populace. As peasants are allowed to raise animals and poultry and carry out cash crop production on their private plots, they are now able to fulfill more of their demand for meats, vegetables and oils. Many peasants are selling their surplus production at free markets in neighboring cities and towns, which helps relieve the tight supplies of fresh food there. However, short supplies still exist in some places with poor harvests.

As for processed items, supplies always fall short of demand in cities and rural areas alike. Shortages of beer, dairy products, cigarettes, pastry and sweets are constantly reported by the Chinese press. Considering the rising amount of savings at the banks and the expanding food processing industries, it is expected that the Chinese diet will continue to improve, not only in terms of food value but also in taste and variety. *—Michael L. Humphrey, Agricultural Officer, Hong Kong.*

France

Grain Exports Show Signs of Recovery

French grain exports could reach a new record in calendar 1983. Exports totaled nearly 17 million tons during January to September, or 30 percent above the same period the previous year. After years of successively sharp increases, calendar 1982 grain exports (including the grain equivalent of wheat flour) dropped 12 percent (2.8 million tons) from the previous year to 19.3 million tons. Even so, 1982 exports were still more than two-thirds above the level 5 years earlier, when exports started to climb rapidly. *—James Lopes, Economic Research Service. Tel: (202) 447-8289*

Hong Kong

Textile Industry Shows Improvement

Business is picking up for Hong Kong's textile industry, after 2 of its worst years since the industry doldrums of 1974. As orders for Hong Kong textile increase, imports of cotton are likely to increase. Hong Kong has to import all of the cotton used by its industry. The trend in the textile industry is toward high quality products, and cotton weavers and spinners are producing finer fabrics and high count yarns.

China now accounts for about 80 percent of the total imported cotton yarns and 40 percent of the total yarn sales in Hong Kong. Cotton shipments from the United States slipped to 180,000 bales in marketing year 1983, down nearly a fourth from the level at the start of the 1980's. The strength of the U.S. dollar has hurt U.S. sales. *—Michael L. Humphrey, Agricultural Officer, Hong Kong.*

Japan

Kiwifruit Boom Could Affect U.S. Exports

Japan's demand for U.S. kiwifruit could show a significant drop if its kiwifruit production boom continues. Japan's kiwifruit output, which amounted to 2,200 metric tons in 1982, is expected to be almost 10 times as high within the next five years. Attractive kiwifruit prices and surplus mikan production have led many mikan growers to divert land to kiwi growing.

Based on present planted area and projections for future plantings, the Japanese government estimates that kiwifruit production will continue to expand at an annual growth rate of over 50 percent for the next several years. Domestic output is sure to compete with U.S. exports to Japan since the marketing season for the two countries overlaps. *—William L. Davis, Agricultural Counselor, Tokyo.*

Taiwan

Livestock Sector Gains Importance

Over the past 10 years, livestock production has become much more important to Taiwan's agricultural sector. Livestock now represent nearly two-fifths of total agricultural production, up from about a fourth in 1972. During 1973-82, the annual growth rate for the livestock industry topped 6 percent, with chickens leading the way, followed by ducks, swine and cattle. Hog raising has always been a prominent sideline on Taiwan's farms, and it is still the largest contributor to the meat supply.

Recession has slowed the livestock sector's growth rate in the past two years, but the trend is still up. The government's 1983 target for growth is 3.2 percent, with most of the gain to come from hogs. Cattle numbers continue flat, but poultry production is expected to continue to grow despite signs that supply has outstripped demand. Some increase in milk production is projected as Taiwan proceeds with its dairy development plan.

Assuming imported feed grain prices remain favorable, producers may place more swine and poultry for 1984, in anticipation of increases in consumer demand as the economy recovers. Dairy production should continue its steady growth. *—Thomas A. Hamby, Agricultural Officer, Taiwan.*

United Kingdom

Housing Surge Boosts Demand for U.S. Lumber

A surge in housing activity coupled with generally improved economic conditions boosted total UK softwood lumber imports by 10 percent in 1983. Plywood imports increased 15 percent during the same period. The UK's demand for lumber expanded softwood imports from the United States by 40 percent, and U.S. plywood was up some 68 percent for the first seven months as compared to the same period the previous year. Although total UK hardwood lumber imports declined, hardwood imports from the United States increased by about 50 percent. *—Turner L. Oyloe, Agricultural Counselor, London.*

☆ U.S. GOVERNMENT PRINTING OFFICE: 1983-420-928:307

United States
Department of Agriculture
Washington, D.C. 20250

OFFICIAL BUSINESS

Penalty for Private Use, $300

WASHINGTON D C

Third Class
Bulk Rate
Postage & Fees Paid
USDA-FAS
Permit No. G-262

* FA SERIA300SB1SSDUE012R 1 **
* SERIALS PROCESSING **
* XEROX UNIV MICROFILMS **
* 300 N ZEEB RD **
* ANN ARBOR MI 48106 **